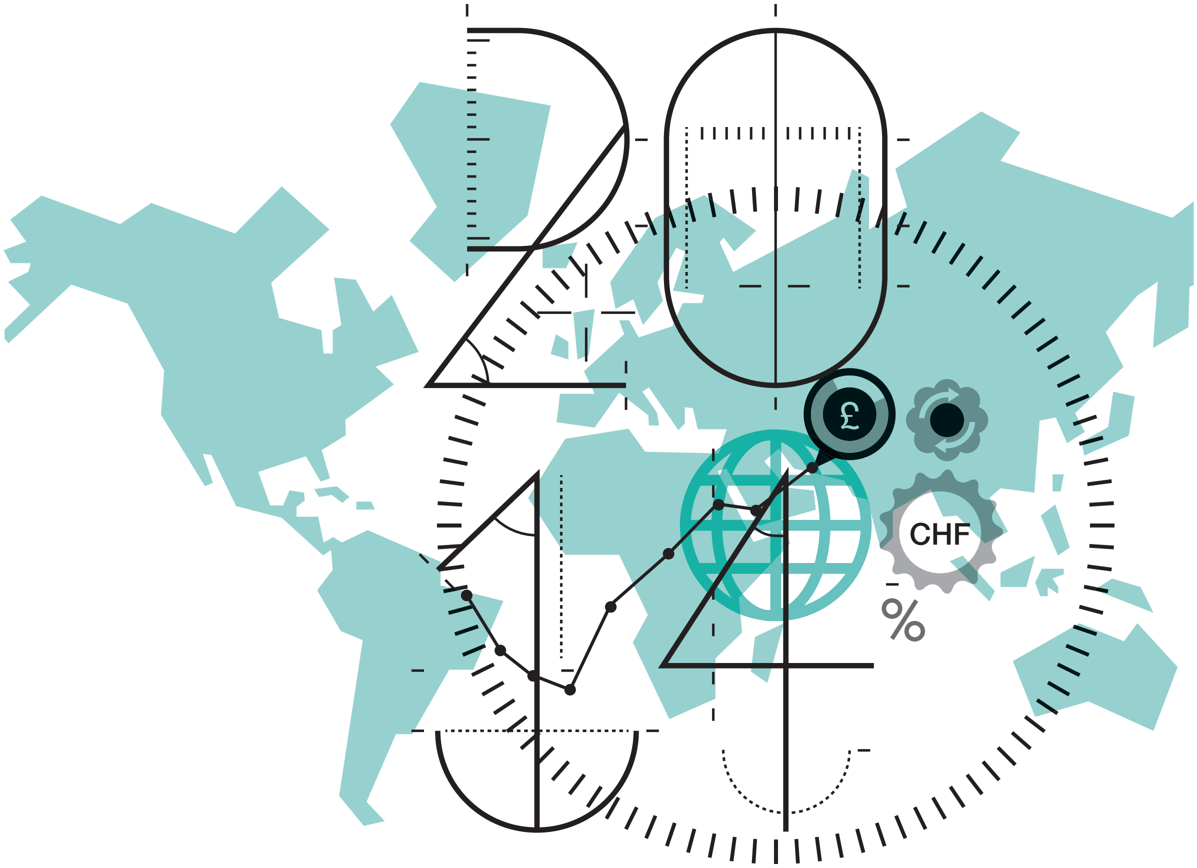

Investec Bank (Switzerland) AG

Annual report for the year ended 31 March 2014

Investec

Wealth & Investment

Annual report 2014

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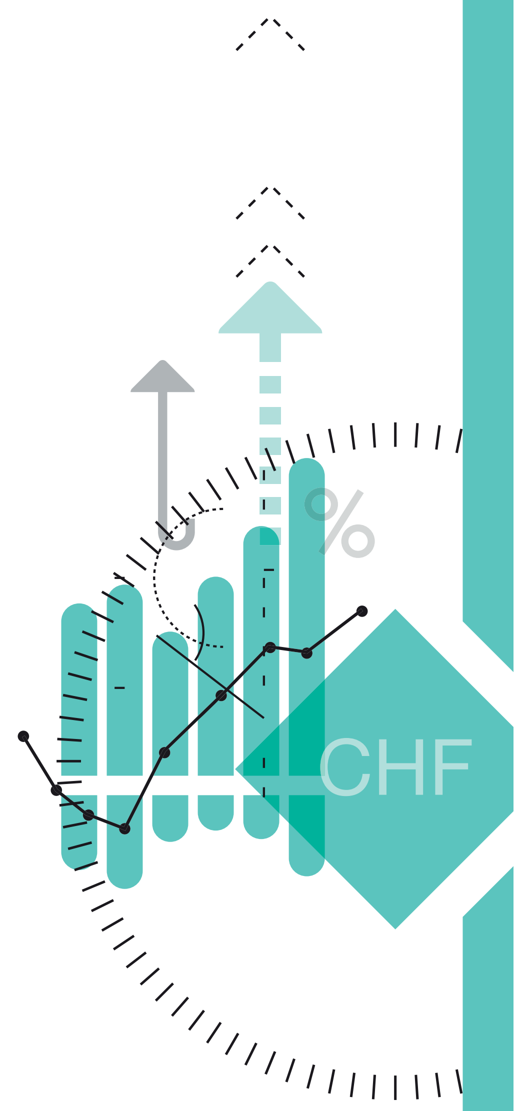

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Board of directors, executive management

Board of directors

A. Tapnack, UK	Chairman of the Board of Directors
Dr. T.A. Frick, Zurich	Vice Chairman of the Board of Directors
R. Brearley, UK	Member of the Board of Directors
I. Wohlman, UK	Member of the Board of Directors
Prof. Dr. B. Gehrig, Winterthur	Member of the Board of Directors (joined December 2013)

Executive management

P. Gyger	General Manager & Chairman of Senior Management
D. Baumann	Senior Manager, Member of Senior Management
P. Otten	Senior Manager, Member of Senior Management

Auditors

Ernst & Young Ltd

Message from the board of directors to the shareholders and clients

Dear shareholders and clients

The financial year ending 31st March 2014 was generally positive for financial markets. Largely supported by an ongoing easing of monetary policy, developed market economies moved forward towards recovery. The Eurozone finally emerged from its 18-month recession, the US appeared to gain underlying strength and Japan's aggressive drive to shake its economy out of a two decade slump gained traction.

Emerging economies, on the other hand, were generally out of favour on concerns around structural imbalances, the Chinese government's perseverance with painful economic reforms and the potential effect of reduced quantitative easing by the Federal Reserve.

Against this background, developed market equities rose strongly, emerging markets lagged and higher yielding corporate credit outperformed as sovereign bond yields remained depressed. Gold was the year's most notable casualty, posting its worst performance in three decades as investors dropped the "safe haven" precious metal in favour of riskier assets.

The equity rally was, however, volatile and central bank support remained key to investor sentiment throughout the year. The considerable downside pressure during the summer months served as a reminder that the inevitable, however gradual, return to more normal monetary policy remains one of the biggest challenges ahead and still a considerable threat to the ongoing global recovery.

At the same time, the financial industry as a whole continues to undergo structural change with increased regulation requiring banks to either adapt or reposition themselves. The industry trend has been to focus on core markets or on specific client segments and to resolve ongoing tax disputes with various international jurisdictions. As a result, some banks have been forced to exit certain regions or restructure their client base. This period of transition opens up a wide range of opportunities that Investec Bank (Switzerland) AG ('Investec Bank') is determined to take advantage of.

In this evolving environment, Investec Bank experienced a decline in client assets of around CHF 100 million at the end of the financial year. This decline was almost entirely attributable to an asset transfer made to the newly opened Guernsey platform within the Investec group. On a positive note, Investec Bank was able to turn last year's operational loss into a break-even position. Nevertheless, taxes, the continued depreciation of the IT platform – which will terminate soon – as well as the provisions for the UK-Swiss tax agreement did lead to an overall negative result, with a net loss of CHF 2.16 million.

Investec Bank continues to have a very strong balance sheet and exceeds all regulatory requirements. With a BIS total capital ratio of 1432%, a BIS tier 1 capital ratio of 115% and a liquidity coverage ratio of above 200%, Investec Bank is well prepared to participate in the ongoing consolidation process facing the Swiss financial market. We plan to increase our asset base by acquiring asset portfolios from our competitors, by selectively hiring experienced relationship managers who understand our core values and by leveraging from affiliated entities within the Investec group, a group which is very well positioned to embrace the challenges to come.

Finally we would like to thank our loyal clients for their continued trust and support and our dedicated employees for all their work in sharing Investec's expertise, knowledge and success with our clients.

For and on behalf of the board of directors,

Alan Tapnack
Chairman

Balance sheet as at 31 March 2014 and 31 March 2013

As at 31 March in CHF	2014	2013
Assets		
Cash	26 759 905	7 036 047
Money market instruments	0	0
Due from banks	65 042 395	68 658 021
Due from clients	24 589 441	37 228 005
Mortgages	3 758 037	23 261 739
Securities and precious metal trading portfolios	0	0
Financial investments	50 124 086	50 158 821
Participations	0	0
Fixed assets	1 300 904	2 376 026
Accrued income and prepaid expenses	1 775 915	2 437 835
Other assets	1 116 439	2 191 966
Total assets	**174 467 122**	**193 348 460**
Total subordinated claims	50 000 000	50 000 000
Total due from group entities and significant shareholders	23 301 240	40 634 833
Liabilities and shareholders' equity		
Due to banks	3 395 943	6 612 330
Due to clients on savings and investments accounts	0	0
Due to clients, other	85 301 786	97 863 374
Medium term notes	0	0
Bonds and mortgage backed bonds	0	0
Accrued expenses and deferred income	1 280 675	2 223 371
Other liabilities	1 402 892	2 033 606
Valuation adjustments and provisions	1 082 415	452 685
Reserves for general banking risks	0	0
Share capital	83 000 000	83 000 000
General legal reserve	4 423 975	4 423 975
Other reserves	1 300 000	1 300 000
Retained loss brought forward	(4 560 880)	(1 620 705)
Net loss	(2 159 684)	(2 940 176)
Total liabilities and shareholders' equity	**174 467 122**	**193 348 460**
Total subordinated liabilities	0	0
Total due to group entities and significant shareholders	247 774	1 198 379

Off-balance sheet transactions as at 31 March 2014 and 31 March 2013

As at 31 March in CHF	2014	2013
Contingent liabilities	1 731 360	1 741 930
Irrevocable commitments	54 691 444	46 516 279
Liabilities for calls on shares and other equities	0	0
Confirmed credits	0	0
Derivative financial instruments		
– positive replacement value	507 070	1 921 140
– negative replacement value	496 661	1 539 960
– notional amount	36 013 357	115 672 008
Fiduciary transactions	121 042 137	96 000 259

Profit and loss account for the years 2013/2014 and 2012/2013

In CHF	2013/2014	2012/2013
Revenues and expenses from ordinary banking activities		
Interest and discount income	1 528 545	1 992 485
Interest and dividend income on trading portfolios	0	0
Interest and dividend income on financial investments	1 714 333	1 748 245
Interest expense	(267 045)	(706 244)
Net interest income (subtotal)	*2 975 833*	*3 034 486*
Results from commission and service fee activities		
Commission income and lending activities	90 179	43 074
Commission income on securities and investment transactions	6 237 360	9 143 889
Commission income on other services	67 747	85 746
Commission expenses	(950 238)	(2 634 092)
Results from commission and service fee activities (subtotal)	*5 445 048*	*6 638 617*
Results from trading operations	*782 099*	*617 754*
Other ordinary results		
Results from the sale of financial investments	27 658	841
Participation income	0	0
Real estate income	0	0
Other ordinary income	124 812	25 386
Other ordinary expenses	0	0
Other ordinary results (subtotal)	*152 470*	*26 227*
Total revenues	***9 355 450***	***10 317 084***
Operating expenses		
Personnel expenses	(5 210 225)	(6 690 694)
Other operating expenses	(4 143 372)	(4 449 985)
Total operating expenses	***(9 353 597)***	***(11 140 679)***
Gross profit	**1 853**	**(823 595)**

Profit and loss account for the years 2013/2014 and 2012/2013

In CHF	2013/2014	2012/2013
Net income		
Gross profit	**1 853**	**(823 595)**
Depreciation and write-offs of non-current assets	(1 337 955)	(1 865 618)
Valuation adjustments, provisions and losses	(1 766)	(47 846)
Results before extraordinary items and taxes (subtotal)	*(1 337 868)*	*(2 737 059)*
Extraordinary income	31 681	0
Extraordinary expenses	(703 200)	(108 078)
Taxes	(150 297)	(95 039)
Net loss	**(2 159 684)**	**(2 940 176)**
Allocation of retained earnings		
Net loss	**(2 159 684)**	**(2 940 176)**
Retained earnings brought forward	(4 560 880)	(1 620 705)
Retained loss at the end of period	(6 720 565)	(4 560 880)
Allocation of retained earnings		
Allocation to general legal reserve	0	0
Allocation to other reserves	0	0
Dividends	0	0
Other allocations	0	0
Retained loss carried forward	**(6 720 565)**	**(4 560 880)**

Comment on business activities, number of employees

General Business Review

Investec Bank (Switzerland) AG, whose registered office is in Zurich with a representative office in Geneva, is a subsidiary of Investec Bank Plc., UK, a globally active financial services group. Investec Bank (Switzerland) AG is mainly active in the private banking business and in private banking service related areas. The geographic areas covered by the Bank include Switzerland and abroad, in particular Europe and South Africa.

Balance sheet activities

The Bank engages in balance sheet transactions primarily linked to private banking activities, investment business connected with private clients as well as asset management activities. Lending is primarily focused on the asset management and investment business with private banking clients (Lombard loans). Mortgage loans are provided as a supplementary service. Interbank business is primarily conducted with group companies.

Trading

Our Bank's own trading operation consists only of foreign exchange and precious metals dealing activities that are basically limited to the execution on behalf of clients. The Bank does not engage in any other proprietary trading activity.

Commission and service activities

The majority of the commission and service fee activities is related to portfolio management, fiduciary deposits and securities trading for clients.

In addition to general banking operations, the Bank's range of services comprises in particular of Discretionary portfolio management, Investment advice and Execution services relating to our client controlled portfolios, custody services and fiduciary transactions. Investec Bank (Switzerland) AG executes securities transactions locally and abroad for its private and institutional clients. It earns a substantial part of its commission income from securities trading on behalf of clients.

Derivatives contracts concluded with clients are hedged by matching transactions with the Investec Group or with counterparties of high credit standing.

Risk management

The risk management and risk control framework

Risk management is a key function of the Bank. It is based on the policies approved by the Board of Directors, which are reviewed annually to ensure that new business activities as well as market, regulatory or other developments are adequately addressed. The Board of Directors regularly reviews the key risks faced by our Bank, including client investment, credit, market and operational risks. Key risk indicators, risk mitigation measures and internal controls are in place. Particular emphasis was given to ensuring an ongoing monitoring and proactive management of these risks and accurately determining their impact on the Bank's financial position. The principle of segregation of duties is strictly respected, i.e. the responsibility for risk control is separated from responsibility for trading and other front-office activities.

All corporate bodies responsible as well as the parent bank are regularly informed of the Bank's financial position, liquidity and earnings, and the risks associated therewith.

Client investment risks

Client investment risk is a key risk for the Bank's private banking activities. The Bank and its governing bodies including the Board address client investment risks by a systematic identification and assessment of larger asset allocation deviations, risk exposures and client portfolio performance deviations against defined benchmark targets, as well as using key risk indicators.

Comment on business activities, number of employees

Credit risk

Credit Risk Management ensures that controls cover the risk that credit exposures could give rise to a loss if counterparties fail to meet their contractual obligations. Default risk is limited by applying country limits (political risk, transfer risk) as well as customer and bank limits. Credit approval is subject to quality requirements following internal guidelines. Credit risks are limited and subject to regular analyses and risk oriented review processes. The credit exposure to clients and companies is assured against securities collateral while applying adequate margins.

Risks are managed and monitored primarily by valuing collateral at fair market value. The principles for determining collateral and margin values are set locally and approved by head office as well as by our local Board of Directors. The individual loan-to-value ratios depend on the type of product, its marketability, liquidity, rating, etc., allowing for customary security margins. Loans secured by mortgages are granted to private banking clients as an additional service. Credit risks are monitored on a regular basis and the market value of real estate is verified periodically. The compulsory procedure for appraising real estate used as collateral for mortgages is also set out in guidelines.

Market risks

Market risks arising from an unfavourable change in market variables such as interest rates and exchange rates are managed by a system of limits. Proprietary trading transactions are only allowed for foreign exchange dealing and resulting risk exposures are to be kept within defined limits. Proprietary trading in derivative financial instruments is limited to foreign exchange forward contracts. Trading positions are revalued to fair value daily and monitored by an independent control unit which checks them against the relevant sensitivity limits (interest rate risks), as well as position and volume limits.

The resulting market and interest rate risks and the associated capital requirements are ascertained using the standardised measurement method. The same procedure is applied to the currency risks of the entire Bank. The interest rate risks in balance sheet and off-balance sheet business, due to differences in the interest rates agreed for assets and liabilities, are managed and monitored separately. The risk of losses caused by unfavourable movements in interest rates is expressed by alterations in the net present value of interest-rate-sensitive positions.

Asset and Liability management, including the long-term investment of the Bank's own capital, is the responsibility of the Asset and Liability Committee (ALCO). The sensitivity limits used by the Bank in its asset and liability management – based on a change of 100 basis points in interest rates (1%) using the duration method – are likewise subject to approval by the Board of Directors. The Bank's own capital is invested long-term in product categories predefined by group ALCO. On the balance sheet date, the Bank's own capital was invested in interest-bearing assets and also used to fund the Bank's loan portfolio.

Compliance with all requirements and limits is monitored in a timely manner by independent internal bodies. The risk reports are discussed every month at the meetings of the Group Asset and Liability Committee and every quarter at the meetings of the Board of Directors.

The interest rate risk related to on- and off-balance sheet business is reviewed and monitored by the Finance department, by the executive committee and by the board. The management of interest rate risk is based on value effect assuming +/-100 bps of the interest rate curve as well as on the income effect applying a shift of +/-100 bps to determine the income.

Liquidity risk

Liquidity risks result from size and maturity mismatches of assets and liabilities. Open projected liquidity gaps imply future interest rate exposures due to excesses or deficits which will be invested or funded at unknown interest rates. Liquidity implies being able to raise funds at arm's length to cover the deficit gaps. The Bank's liquidity is being tightly monitored and adequate levels of liquidity are held in accordance with prevailing banking regulation. The Bank's investment portfolio positions are regularly examined with regard to their marketability. The method applied is based on the cash flow gap analysis. The Bank's liquidity risk is monitored daily according to the Swiss regulatory guidelines.

Operational risks

Operational risks reflect the probability of direct or indirect loss due to the inadequacy or failure of internal processes, persons or systems or as a result of external events. Given that operational risks may be encountered in all areas, all members of staff and offices involved in a business process are expected to access and manage the operational risks within their area of responsibility. Of particular importance in the management of operational risks are appropriate segregation of duties and the adherence to the four-eye principle. Furthermore, operational risks are mitigated by the use of instruments such as policies and guidelines, definition of approval requirements, organisational charts, job descriptions as well as process and control descriptions. Automation facilitating the transactions processing and controls is also key in order to reduce risks.

In order to foster a proactive approach to the management and control of operational risks, our Bank has included objectives that include the interrelationship of internal controls in an Internal Control Framework to strengthen employees' risk and control awareness. The Risk Controller initiates, oversees and monitors these processes and reports results to the Management Committee.

Comment on business activities, number of employees

Compliance and legal risks

The Bank ensures that its business activities comply with prevailing regulatory provisions and with the duty of due diligence of a financial intermediary. The Bank's Legal & Compliance department is responsible for identifying and reviewing developments in the legal and regulatory area and keeping track of the requirements of the supervisory authorities and other regulating bodies. The department also ensures, in collaboration with the Risk Management department that directives and regulations are updated and implemented in line with new legal and regulatory developments.

The Legal & Compliance department captures, analyses and assesses the Bank's legal, regulatory, bribery and Anti-Money-Laundering risks and defines mitigating controls. Training in relation to various compliance topics like cross-border banking, Anti-Money-Laundering and Know-Your-Client is provided to employees at regular intervals.

Outsourcing of business activities

The Bank outsourced the printing and dispatch of client statements to Tata Consultancy Services Switzerland Ltd, Zurich. In addition, the Bank outsourced the SWIFT interbank services to BBP AG, Baden, and the document archiving to www.kinesys.ch AG, Dubendorf. Finally, the Bank maintains with Broadridge (Suisse) SA, Geneva, a banking platform, which ran until 31 July 2009, and hosts the data up until then. The outsourcing agreements with these counterparties are documented in writing as required by the Swiss Financial Market Supervisory Authority FINMA. The employees of these service providers are obliged to the Swiss banking secrecy in order to ensure full confidentiality.

Employees

At year-end, the Bank had 29 staff members versus 32 in the prior year.

Accounting policies and valuation principles

General principles

Accounting policies and valuation principles are based on provisions according to the Swiss Code of Obligations, the Federal Law on Banks and Saving Banks and its related ordinance, the guidelines of the Swiss Financial Market Supervisory Authority, the Bank's articles of association and the statutory regulations. Single positions inherent in any given balance sheet item are valued individually.

Recording and balancing of transactions

All transactions are recorded in the financial statements of the Bank on trade date and valued on this date. Spot transactions are recorded based on the trade date principle. Forward contracts are recorded as off-balance sheet transactions until the execution or value date. Between the trade and the execution date the replacement values of forward transactions are recorded in other assets or other liabilities respectively.

Foreign currencies

Transactions in foreign currencies are recorded with the exchange rate of the day that they take place. Assets in foreign currencies are converted with the exchange rate of the effective balance sheet date and the valuation differences affect net income. Exchange rate fluctuations between the trade date and settlement date of a transaction are recorded in the income statement.

For the essential currency translation, the following rates have been applied:

Currency	31.03.14 rates as of financial year end	Previous year's rates as of financial year end
USD	0.8843	0.9495
EUR	1.2181	1.2174
GBP	1.4737	1.4437

Cash, due from banks and clients, mortgages and due to banks and clients

These transactions and balances are recorded at their nominal value. Doubtful accounts receivable, where it is unlikely that the debtor will be able to meet future commitments, are evaluated on an individual basis and any impairment is covered by specific reserves. Off-balance sheet transactions such as credit commitments, guarantees or derivative financial instruments are valuated based on the same principle. The impairment is calculated using the difference between the book value of the receivable and the amount expected to be received considering the counterparty risk as well as the net proceeds realizable from the sale of any collateral. The specific reserves are recorded as liabilities in the balance sheet position "Valuation Adjustments and Provisions". There are no allocations of general reserves. Interest and commissions outstanding for more than 90 days are considered overdue and are included in the position "Valuation Adjustments and Provisions".

Financial assets

Fixed-income securities and other securities that are not held for trading purposes are valued at the lower of cost or market, if they are not intended to be held to maturity. Any upward or downward remeasurement of value is taken to "Other ordinary income" or "Other ordinary expenses". If a security's market value has fallen below cost but subsequently rises again it may only be written up as far as its cost value.

Fixed-interest securities where the intention is to hold until maturity are valued according to the accrual method. The premium or discount in these positions is written off according to a straight-line depreciation method until maturity. Any interest-related gains or losses that result from the sale or redemption prior to maturity are amortized over the remaining time period until original maturity. Creditworthiness-related impairments or reversals of impairment are recorded in the income statement in the position "Other ordinary expense" and "Other ordinary income" respectively.

Accounting policies and valuation principles

Fixed assets

Investments in new fixed assets are capitalized and valued at historical cost if they exceed certain limits and will be used for a period longer than one financial year. Depreciation is recorded on a straight-line basis over the estimated lifetime of the asset.

The fixed assets are reviewed each year, changes in the lifetime or impairments to the net book value are amortized over the remaining lifetime or booked as extraordinary depreciation. Both regular and extraordinary depreciation is recorded in the income statement in the line "Depreciation of fixed assets". If the reason for extraordinary depreciation no longer exists, the net asset value may be adjusted upwards.

The lifetime of the asset categories have been defined as follows:

– Software, IT and communication equipment	max. 3 years
– Other fixed assets	max. 5 years

Realised profits from divestment of fixed assets are recorded in "extraordinary income" whereas realised losses are recorded in "extraordinary expenses".

Intangible assets

Intangible assets are recorded at cost, amortized over their estimated lifetime, with a maximum of 5 years. They are subject to an annual impairment test.

Accruals and deferrals

Interest income and expenses, commission income and expenses, personnel and other operating expenses are accrued for the respective financial year.

Valuation adjustments and provisions

In accordance with the principle of caution, specific provisions and reserves are made for any recognizable risks if an outflow of funds is probable.

Taxes

Taxes on the results of the current accounting period are determined in accordance with local tax laws and recorded as expenses in the relevant financial year. The taxes on the current results are reported as accrued expenses. There are no provisions for deferred taxes.

Pension funds

Liabilities for pension funds are treated according to SWISS GAAP FER 16.

Contingent liabilities, irrevocable commitments, guarantees and other commitments

These positions are stated as off-balance sheet items at their nominal values. In accordance with the principle of prudence, adequate provisions are recorded for known risks.

Derivative financial instruments

Derivative financial instruments are used to limit the currency and interest rate risks on own positions as well as on trades for clients. With the exception of currency swaps and forward contracts, the Bank does not hold any derivative financial instruments on its own account. Derivative financial instruments are valued at fair value or if designated as hedges according to the same principle as the hedged item. The positive and negative replacement values of the transactions that are open on the balance sheet date are recorded under "other assets" and "other liabilities" and the notional amount is disclosed in the notes to the financial statements.

Cash flow Statement

The Bank does not compile a cash flow statement as the balance sheet activities are not material.

Information on the balance sheet

Schedule of loans, advances and off-balance sheet transactions

Overview of collateral		Type of collateral			
		Mortgage collateral in CHF	Other collateral in CHF	Unsecured loans in CHF	Total in CHF
Loans					
Due from clients		0	24 589 441	0	24 589 441
Mortgages					
– Residency properties		3 758 037	0	0	3 758 037
– Commercial properties		0	0	0	0
Total loans	**31.03.2014**	**3 758 037**	**24 589 441**	**0**	**28 347 478**
	31.03.2013	23 261 739	37 228 005	0	60 489 744
Off-balance sheet transactions					
Contingent liabilities		0	1 731 360	0	1 731 360
Irrevocable commitments		0	54 449 444	242 000	54 691 444
Liabilities for calls on shares and other equities		0	0	0	0
Confirmed credits		0	0	0	0
Total off-balance sheet transactions	**31.03.2014**	**0**	**56 180 804**	**242 000**	**56 422 804**
	31.03.2013	0	47 900 209	358 000	48 258 209

Receivables at risk		Gross debt amount in CHF	Estimated liquidation proceeds of the collateral in CHF	Net debt amount in CHF	Provision for losses on individual accounts in CHF
Total	**31.03.2014**	**0**	**0**	**0**	**0**
	31.03.2013	0	0	0	0

Analysis of financial investments

Financial investments	Book value 31.03.2014 in CHF	Book value 31.03.2013 in CHF	Fair value 31.03.2014 in CHF	Fair value 31.03.2013 in CHF
Debt securities	**50 000 000**	50 000 000	**50 000 000**	50 000 000
– of which own bond issues and medium-term notes	**0**	0	**0**	0
– of which holding until expiring	**50 000 000**	50 000 000	**50 000 000**	50 000 000
– of which valued at lowest value principal	**0**	0	**0**	0
Investments	**124 086**	158 821	**124 086**	158 821
Total	**50 124 086**	**50 158 821**	**50 124 086**	**50 158 821**
of which securities discountable to central banks	**0**	0	**0**	0

Information on the balance sheet

Schedule of fixed assets

	Historical cost in CHF	Write-offs/ accumulated depreciation in CHF	Book value 31.03.2013 in CHF	2013/14 Additions in CHF	2013/14 Disposals in CHF	2013/14 Write-offs depreciation in CHF	2013/14 Book value 31.03.2014 in CHF
Other fixed assets	not determined		2 376 025	262 833	0	(1 337 955)	1 300 904
Total			2 376 025	**262 833**	**0**	**(1 337 955)**	**1 300 904**
Fire insurance value of other fixed assets							**4 350 000**

The historical cost of the fixed assets was not determined because it is not material.

Other assets and liabilities

	31.03.2014 Other Assets in CHF	31.03.2014 Other Liabilities in CHF	31.03.2013 Other Assets in CHF	31.03.2013 Other Liabilities in CHF
Replacement values of derivative instruments				
– Contracts for own account	507 070	496 661	1 921 140	1 539 960
– Contracts as commission agent	0	0	0	0
Total derivative instruments	**507 070**	**496 661**	**1 921 140**	**1 539 960**
Indirect taxes	86 341	220 507	121 842	400 160
Other assets related to Pension Funds	369 583	0	0	0
Miscellaneous assets and liabilities	153 445	685 724	148 984	93 486
Total other assets and liabilities	**1 116 439**	**1 402 892**	**2 191 966**	**2 033 606**

Total value of assets pledged or ceded to secure own liabilities, and assets subject to ownership reservation

Restricted assets	31.03.2014 Receivable respectively book value in CHF	31.03.2014 thereof utilized in CHF	31.03.2013 Receivable respectively book value in CHF	31.03.2013 thereof utilized in CHF
In connection with derivative financial instruments				
– Pledged bank accounts	0	0	0	0
– Financial investments	0	0	0	0
Total restricted assets	**0**	**0**	**0**	**0**

There were no loan or pension contracts (securities lending and borrowing or repurchase and reverse repurchase transactions).

Information on the balance sheet

Liabilities to own pension funds

	31.03.2014 in CHF	31.03.2013 in CHF
The liabilities to the pension fund of the bank amounted to	**0**	0
Excess coverage (as at December 31)	**0***	0*
Economical benefit respectively economical commitment	**405 738**	0
Employer contribution (included in personnel expenses)	**353 707**	**501 295**

Details on the Bank's pension funds are in line with Swiss GAAP FER 16. The self-governed foundation holding the bank's pension monies has joined the AXA Winterthur collective foundation as at 01.01.2007.

*The coverage ratio was above 100%. Employer contribution reserves did not exist as at 31.03.2014.

Value adjustments, provisions, and reserves for general banking risks

in CHF	31.03.2013	Use in conformity with designated purpose	Re-designation of purpose reclassifica-tions)*	Recoveries, past due interest, currency translation differences	New provisions charged to income statement	Releases to income statement	31.03.2014
Provisions for deferred taxes	–	–	–	–	–	–	–
Value adjustments and provisions for default and other risks:							
– Value adjustments and provisions for default risks	–	–	–	–	–	–	–
– Value adjustments and provisions for other business risks	–	(31 787)	144 264	–	266 738	–	379 215
– Restructuring provisions	452 685	(421 004)	–	–	–	(31 681)	–
– Provisions for pension benefit obligations	–	–	–	–	–	–	–
– Other provisions	–	–	–	–	703 200	–	703 200
Total value adjustments and provisions	**452 685**	**(452 791)**	**144 264**	**–**	**969 938**	**(31 681)**	**1 082 415**
Less: Value adjustments directly offset against assets	–	–	–	–	–	–	–
Total value adjustments and provisions as per balance sheet	**452 685**	**(452 791)**	**144 264**	**–**	**969 938**	**(31 681)**	**1 082 415**
Reserves for general banking risks	–	–	–	–	–	–	–

*Reclassification from last year accruals.

Information on the balance sheet

Schedule of share capital and disclosure of shareholders with ownership of more than 5% of all voting rights

Share capital	31.03.2014			31.03.2013		
	Total nominal value in CHF	Number of units	Dividend bearing capital in CHF	Total nominal value in CHF	Number of units	Dividend bearing capital in CHF
Share capital	**83 000 000**	**83 000**	**83 000 000**	83 000 000	83 000	83 000 000
Total share capital	**83 000 000**	**83 000**	**83 000 000**	83 000 000	83 000	83 000 000

Significant shareholder:	31.03.2014			31.03.2013		
	Nominal in CHF	Participation in % in CHF		Nominal in CHF	Participation in % in CHF	
Investec Bank Plc., London	**83 000 000**	**100%**		**83 000 000**	**100%**	

The parent company of Investec Bank Plc., London, is Investec 1 Ltd., London, which is a 100% subsidiary of Investec Plc., London, a company listed at the London Stock Exchange.
There are neither conditional nor significant shareholders without voting rights.

Statement of changes in shareholders' equity

Shareholders' equity at 01.04.2013	**in CHF**
Share capital	83 000 000
General legal reserve	4 423 975
Other reserves	1 300 000
Reserves for general banking risks	
Retained earnings	(4 560 880)
Total shareholders' equity at 01.04.2013 (before profit distribution)	**84 163 095**
Changes 2013/14	
+ Capital paid-in	0
+ Capital increase	0
+ Other contributions	0
– Dividend and other distributions of retained earnings brought forward	0
– Net Loss	(2 159 684)
– Release of reserves for general banking risks	0
Total shareholders' equity at 31.03.2014 (before profit distribution)	**82 003 411**
Thereof:	
Share capital	83 000 000
General legal reserve	4 423 975
Other reserves	1 300 000
Reserves for general banking risks	0
Retained loss	(6 720 565)

In accordance with the Circular 2008/22 paragraph 5, the bank is exempted of the disclosure requirement in connection with the capital adequacy from banks, since comparable information on a group level is published abroad.

Information on the balance sheet

Maturity structure of current assets, financial investments and borrowed funds

	Maturities							
	At sight in CHF	Redeemable by notice in CHF	within 3 months in CHF	after 3 months up to 12 months in CHF	after 12 months up to 5 years in CHF	after 5 years in CHF	without maturity in CHF	Total in CHF
Current assets								
Cash	26 759 905	0	0	0	0	0	0	26 759 905
Money market instrument	0	0	0	0	0	0	0	0
Due from banks	42 050 335	0	22 992 060	0	0	0	0	65 042 395
Due from clients	0	1 014 419	140 000	21 401 109	2 033 913	0	0	24 589 441
Mortgages	0	0	0	2 873 793	884 244	0	0	3 758 037
Securities and precious metal trading portfolios	0	0	0	0	0	0	0	0
Financial investments	124 086	0	0	0	0	50 000 000	0	50 124 086
Total current assets								
31.03.2014	**68 934 326**	**1 014 419**	**23 132 060**	**24 274 902**	**2 918 157**	**50 000 000**	**0**	**170 273 864**
31.03.2013	36 242 009	1 517 577	50 519 572	29 975 953	18 087 522	50 000 000	0	186 342 633
Borrowed funds								
Money market instruments lent	0	0	0	0	0	0	0	0
Due to banks	3 395 943	0	0	0	0	0	0	3 395 943
Due to clients on savings and investment accounts	0	0	0	0	0	0	0	0
Due to clients, other	85 301 786	0	0	0	0	0	0	85 301 786
Medium term notes	0	0	0	0	0	0	0	0
Bonds and mortgage backed bonds	0	0	0	0	0	0	0	0
Total borrowed funds								
31.03.2014	**88 697 729**	**0**	**0**	**0**	**0**	**0**	**0**	**88 697 729**
31.03.2013	70 326 116	0	30 107 228	4 042 360	0	0	0	104 475 704

Information on the balance sheet

Amounts due from and to affiliated entities as well as loans and exposures to members of the bank's governing bodies

	31.03.2014 in CHF	31.03.2013 in CHF
Amounts due from affiliated companies	50 629 032	90 634 833
Amounts due to affiliated companies	4 290 925	5 331 296
Loans and exposures to the members of the Bank's governing bodies	0	0

Transactions with related parties
The bank partially undertakes refinancing with affiliated entities and significant shareholders at LIBOR plus a conventional margin.

The bank grants marginal special conditions to members of the Bank's governing bodies and employees as is customary for banks.

From an affiliated entity the bank is compensated with a trailer fee TCHF 14 (2012/13 TCHF 54).

The Group supports the bank in a traditional manner for which the bank has to pay its proportional share of the expenses TCHF 447 (2012/13 TCHF 495).

For clients referred by affiliated entities, Investec Bank (Switzerland) AG paid a compensation to them of TCHF 456 (2012/13 TCHF 2,027).

Information on off-balance sheet transactions

Analysis of contingent liabilities

	31.03.2014 in CHF	31.03.2013 in CHF
Credit guarantees and similar instruments	0	0
Back-up guarantees and similar instruments	1 731 360	1 741 930
Irrevocable commitments	54 691 444	46 516 279
Other contingent liabilities	0	0
Total contingent liabilities	**56 422 804**	**48 258 209**

Litigation
In August 2013, the U.S. Department of Justice ('DoJ') announced a programme for Swiss banks to obtain a resolution concerning their status in connection with the Department's overall investigations against individuals and entities that use foreign bank accounts to evade US taxes and reporting requirements, as well as against individuals and entities that facilitate the evasion of US taxes and reporting requirements (the 'DoJ Programme'). Following the announcement, the Bank has performed an in-depth review of its past and current client base and business operation. Supported by US legal advise, the Bank has come to the conclusion that it has not infringed US laws. Consequently, the Bank has not recorded any provisions in respect of this matter. This decision, however, does not guarantee that the DoJ will not start investigations against the Bank. The financial impact of such a case may be significant to the Bank but cannot be quantified currently. Nevertheless, based on the careful assessment to this matter, the Bank believes that the probability of a lawsuit resulting in an outflow of funds is low.

Unsettled derivative financial instruments

		Trading Instruments			Hedging Instruments		
		Positive replacement values in CHF	Negative replacement values in CHF	Notional amount in CHF	Positive replacement values in CHF	Negative replacement values in CHF	Notional amount in CHF
Interest-rate Instruments							
– Forward contracts		0	0	0	0	0	0
Equity securities							
– Forward contracts		0	0	0	0	0	0
Currencies							
– Forward contracts		156 441	336 367	16 443 959	0	0	0
– Swaps		350 629	155 987	19 447 862	0	4 307	121 536
Total	**31.03.2014**	**507 070**	**492 354**	**35 891 821**	**0**	**4 307**	**121 536**
	31.03.2013	1 664 570	1 503 410	94 270 984	256 570	36 550	21 401 025

There are no netting contracts.

Information on off-balance sheet transactions

Analysis of fiduciary transactions

	31.03.2014 in CHF	31.03.2013 in CHF
Fiduciary deposits with third parties	57 819 374	34 083 097
Fiduciary deposits with banks of the group and affiliated banks	63 222 763	61 917 162
Fiduciary loans	0	0
Total fiduciary transactions	**121 042 137**	**96 000 259**

Analysis of managed & customer assets

	31.03.2014 in CHF'000	31.03.2013 in CHF'000
Breakdown of portfolios by type		
– Assets in own-managed funds	**0**	0
– Assets with an asset management mandate	**511 154**	568 229
– Other managed assets	**613 074**	630 817
Total managed assets (including double counts)	**1 124 228**	1 199 046
– Custody assets	**74 901**	**101 703**
Total customer assets (including double counts)	**1 199 129**	1 300 749
– Thereof double counts	**0**	0
– Net outflow	**(153 712)**	(209 176)

Assets in own-managed collective investment instruments did not exist at the balance sheet date.

Assets with asset management mandates included all client assets for which the bank had been instructed by way of an appropriate asset management mandate to invest the clients assets in a defined frame to carry out investments on his behalf.

“Custody assets” include transactional and custody accounts which are held solely for transaction-related or safekeeping/custody purposes.

Net cash outflow was mainly due to the transfer of assets to the new Investec platform in Guernsey.

Information on the income statement

Analysis of results from trading operations

	2013/2014 in CHF	2012/2013 in CHF
Securities trading	0	0
Foreign exchange and bank notes trading	891 003	842 625
Derivative instruments	(108 904)	(224 871)
Precious metals	0	0
Total results from trading operations	**782 099**	**617 754**

Analysis of personnel expenses

	2013/2014 in CHF	2012/2013 in CHF
Bank's governing bodies, attendance fees and fixed compensation	61 561	72 000
Salaries and allowances	4 241 585	5 439 812
Social security contributions and other legally required contributions	370 411	501 295
Contribution to personnel welfare institutions	353 707	542 454
Other personnel expenses	182 960	135 133
Total personnel expenses	**5 210 225**	**6 690 694**

Analysis of other operating expenses

	2013/2014 in CHF	2012/2013 in CHF
Occupancy expense and energy	664 239	657 140
Cost of electronic data processing, machinery, furniture, vehicles and other fixtures	1 542 740	1 474 656
Sundry operating expenses	1 936 393	2 318 189
Total other operating expenses	**4 143 372**	**4 449 985**

Comments on extraordinary income/expenses and material release of hidden reserves

	2013/2014 in CHF	2012/2013 in CHF
Restructuring costs	(31 681)	108 078
Provision – Swiss-UK Tax Agreement	703 200	0
Extraordinary result	**671 519**	**108 078**

Restructuring charge adjustment from 2012/2013 (TCHF- 32).

Investec Bank (Switzerland) AG's portion of the Swiss Federal Tax Authority's liability to the UK in order to regularize any pertinent tax issues (TCHF 703).

Report of the statutory auditor on the financial statements

To the General Meeting of Investec Bank (Switzerland) AG, Zurich

As statutory auditor, we have audited the accompanying financial statements of Investec Bank (Switzerland) AG, which comprise the balance sheet, income statement and notes (pages 5 to 22), for the year ended 31 March 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2014 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Zurich, 9 July 2014

Ernst & Young Ltd

Roland Huwiler Licensed audit expert (Auditor in charge)	Marcel Lenggenhager Licensed audit expert

Our services

- Investment advisory services
- Global asset management
- Securities trading
- Foreign exchange and precious metal dealings
- Lombard loans and guarantees
- Administration of third party accounts
- Custodian services

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